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UNCLAS SECTION 01 OF 14 TOKYO 000214

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 01/28/08

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(1) Proposals for creating desirable country (Part 14): Find ways to protect equality in medical services

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- (1) Start of spring wage negotiations: Boost consumption by increasing wages
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- (1) Substantial discussion urged for consumer affairs administration
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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, Jan. 25

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NIKKEI (Page 2) (Full)
January 26, 2008

07:54

Met with Deputy Chief Cabinet Secretary Ono at Kantei.

09:01

Attended a cabinet meeting.

10:00

Attended a Lower House Budget Committee session.

12:04

Arrived at Kantei.

13:00

Attended a Lower House Budget Committee session.

15:19

Met with Chief Cabinet Secretary Machimura at Kantei.

16:00

Arrived at residential quarters in Kantei.

18:20

Left Haneda Airport aboard a government plane to attend the World Economic Forum in Davos, Switzerland.

Prime Minister's schedule, Jan. 25 & 26

NIKKEI (Page 2) (Full)
January 27, 2008

Jan. 25

Night

(Local time)

Arrived at Zurich Airport, Switzerland, by a government plane.

Stayed at Movenpick Hotel.

Jan. 26

Early morning

Left Zurich by a helicopter. Arrived at Davos and had preliminary discussion at Congress Hotel.

Morning

Met at Congress Center with President of Senegal Wade, former British Prime Minister Blair, U.S. Microsoft Chairman Bill Gates, rock band U2's Bono, World Bank President Zoellich, and Japan International Cooperation Agency President Sadako Ogata. Addressed an audience at an annual general meeting of the World Economic Forum in Davos.

Noon

Attended a luncheon hosted by the forum.

Afternoon

Responded to interviews with reporters accompanying him at Congress Hotel. Met with Blair. Had an interview with CNN TV. Afterwards, met with Swiss President Couchepin..

Evening

Left Davos by a helicopter.

Prime Minister's schedule, Jan. 26 & 27

NIKKEI (Page 2) (Full)

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January 28, 2008

Jan. 26

Night

(Local time)

Left Zurich Airport.

Jan. 27

(Japan time)

15:00

Arrived at Haneda Airport.

15:31

Made a return home report at Imperial Palace.

15:44

Arrived at residential quarters in Kantei.

4) Poll: 54 PERCENT see need to heighten pressure on N. Korea

MAINICHI (Page 1) (Full)

January 27, 2008

The Mainichi Shimbun conducted a telephone-based public opinion survey on Jan. 19-20, in which respondents were asked what stance they thought the government should take toward North Korea. In response, a total of 54 PERCENT answered that the government should step up Japan's pressure on North Korea, with a total of 39 PERCENT saying the government should prioritize dialogue with North Korea.

Among men, more than half of those in all age brackets wanted the government to heighten pressure. Meanwhile, among those who support the Fukuda cabinet, public opinion was split, with 47 PERCENT prioritizing dialogue and 46 PERCENT emphasizing pressure. Among those who do not support the Fukuda cabinet, more than 60 PERCENT prioritized pressure.

A similar question was asked in a previous survey taken in October last year, one month after the Fukuda cabinet came into office. To that question, 36 PERCENT answered that Japan should further strengthen its pressure on North Korea, with 30 PERCENT saying Japan should continue the Abe cabinet's pressure-oriented stance and 29 PERCENT saying Japan should switch to a dialogue-oriented attitude.

In the previous survey, a total of more than 60 PERCENT answered that Japan should toughen its pressure on North Korea. In the survey this time, however, the proportion of pressure-oriented answers decreased. Instead, there was an increase of 10 PERCENT in the proportion of dialogue-oriented answers.

5) Poll: 83 PERCENT concerned about food safety

YOMIURI (Page 2) (Abridged)

January 28, 2008

A total of 83 PERCENT are concerned about food safety, the Yomiuri Shimbun found from its face-to-face nationwide public opinion survey conducted Jan. 12-13. A similar question was asked in an earlier survey that was taken in September last year when a number of food makers were found to have falsified their date marking to prolong the shelf life of their products. In that survey, a total of 84 PERCENT were concerned about food safety. In the survey this time, there was almost no improvement, showing the public's deep-seated distrust.

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Those concerned about food safety were asked to pick one or more reasons. The most common answer, accounting for 71 PERCENT , was that there were many cases that falsified food labeling. Among other reasons, Japan's increasing food imports accounted for 57 PERCENT , with residual agricultural chemicals at 50 PERCENT and food additives also at 50 PERCENT .

6) 45 PERCENT feeling uneasy about Internet: gov't poll

MAINICHI (Page 2) (Full)
January 27, 2008

The Cabinet Office yesterday released findings from its public opinion survey on Internet security. In the survey, respondents were asked if they felt uneasy about using the Internet. To this question, 45.4 PERCENT answered "yes," with 36.3 PERCENT saying "no" and 18.3 PERCENT saying they "don't know."

The survey was conducted in November last year on a face-to-face basis with a total of 5,000 persons chosen from among men and women aged 20 and over. Answers were obtained from 3,006 persons. "Yes" accounted for 55 PERCENT among those in their 40s and also topped 50 PERCENT among those in their 30s and 50s. However, those in higher age brackets do not access the Internet so often. "People in these generations might feel uneasy about their children's access to dating sites," a government public relations official of the Cabinet Office analyzes.

In the survey, respondents were asked to pick one or more concerns. To this question, 66.5 PERCENT cited personal data leakage with computer virus infection. Among other answers, phishing scams accounted for 52.1 PERCENT , with false or illegal charging at 50.5 PERCENT .

Respondents were also asked to pick one or more about what they wanted police to watch to crack down. To this question, 64.5 PERCENT picked sex crimes victimizing children. Among other answers, obscene images accounted for 56.4 PERCENT , with murder and bomb threats at 53.3 PERCENT .

7) Fukuda in Davos speech reveals plan to invest 3 trillion yen in technical innovation to fight global warming

YOMIURI (Page 1) (Full)
January 27, 2008

Davos, Switzerland, Makoto Miura

Prime Minister Fukuda delivered a speech at the World Economic Forum in Davos, Switzerland, on the morning of Jan. 26, local time. He demonstrated his resolve to address the task of forming a post-Kyoto framework to combat global warming as chair of the Lake Toya Summit (the Group of Eight summit) in Hokkaido in July. Fukuda also announced a "Cool Earth" promotion initiative that calls for setting nation-specific targets to reduce greenhouse gas emissions. On the economic front, he reiterated: "It is important that all countries take necessary measures to deal with the chain of global share price drops."

Referring to the issue of climate change, which will take center stage in the July summit, the prime minister detailed the "Cool

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Earth" initiative, which aims at halving emissions by 2050. He then proposed expediting (1) formation of a post-Kyoto regime; (2) international environmental cooperation; and (3) innovation. Regarding a post-Kyoto regime, Fukuda stressed: "I will address in a responsible manner the tasks of creating a framework in which all major emitters will participate, as well as of setting emission-cut targets that are fair for all countries." He also revealed a plan to set mid-term targets for cutting emissions for each participating country, remarking: "The targeted years (for reduction goals) should be reviewed to ensure fairness."

In reference to international environmental cooperation, Fukuda proposed that Japan will provide other countries with its advanced energy-conservation technology, saying: "It is necessary for all countries to share the goal of improving energy efficiency by 30 PERCENT by 2020." To urge developing countries to take part in a new international framework, Fukuda said that Japan would disburse 10 billion dollars, or 1.76 trillion yen, in new financial aid. As measures to promote innovation, the prime minister announced that Japan will inject funds totaling about 30 billion dollars, or 3.23 trillion yen, in research and development in the environmental and energy areas over the next five years.

Touching on the worsening global economy, Fukuda defined the U.S. subprime mortgage crisis as a 21st century crisis and then called for cooperation among countries. He said: "The monetary authorities of industrialized countries are engaged in quickly analyzing the causes for the confusion in the financial markets and working out medium- and long-term countermeasures." Upon saying that the impact of the crisis on the Japanese economy was limited, the prime minister stressed that Japan will make efforts to open up its market further.

9) Japan should display leadership in cutting greenhouse gas emissions, says Blair to prime minister

TOKYO SHIMBUN (Page 2) (Full)
January 28, 2008

Prime Minister Yasuo Fukuda attended the Davos Conference, an annual meeting of the World Economic Forum. On the sidelines of the meeting, he on the afternoon of Jan. 26 (evening of the same day, Japan time) met with former British Prime Minister Blair.

Referring to the creation of a new international framework aimed at reducing greenhouse gas emissions (post-Kyoto Protocol), Fukuda said, "I will do my utmost to have the U.S. and China, major emitters, take part in the new framework."

He also noted, "However, the overall framework should not be weakened on that account."

Regarding the G-8 summit in July (Lake Toya Summit in Hokkaido), Blair said, "The issue is up to the leadership of Japan, the host country." He thus asked Fukuda to display leadership to realize a framework joined by major emitters, based on the principle of tackling environmental issues.

10) Environment Ministry to estimate and announce attainable reduction of greenhouse gas emissions possibly next month in preparation for talks on post-Kyoto Protocol framework

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NIKKEI (Page 3) (Full)
January 28, 2008

The Ministry of Environment (MOE) intends to make a trial calculation of greenhouse gas emission reduction at home during a 2020-2030 timeframe in preparation for negotiations on a post-Kyoto Protocol framework, which will be applied to the years beyond 2013. MOE will announce the result during February. For Japan, the most urgent task is to chart the course to achieve in 2050 the long-range goal of halving the levels of greenhouse gas emissions from the current levels. By estimating an attainable reduction amount of greenhouse gas emissions during that timeframe as a mid-term goal, Japan aims to use that goal as a basis for discussion of setting the total reduction amount of greenhouse gas emissions.

By tallying attainable reduction volumes as proposed by Prime Minister Yasuo Fukuda at the latest World Economic Forum in Davos, Switzerland, MOE will announce the attainable volumes. Tallying will be made in a sector-selective way, for instance, on an industrial basis like electric power and steel, or on a business basis or at home. How far emission volumes can be reduced will be estimated.

The calculation will be made by using the climate change simulation

model developed by the National Institute for Environmental studies. This simulation was also used by the Intergovernmental Panel on Climate Change (IPCC). Several scenarios will be set by taking into consideration progress on development of energy-saving technology and forecasts about corporate business activities. Under each scenario, attainable reduction volumes will be computed.

Estimated attainable reduction volumes will be presented to a Central Environment Council meeting, which is to be held possibly in February. Based on those estimated attainable volumes, the government and industrial circles will advance debate and lead the result of the debate to set a new reduction goal for Japan to declare as its own goal in future negotiations on a post-Kyoto Protocol framework.

11) Energy ministers of Japan, U.S., Europe agree to develop new energies

NIKKEI (Page 2) (Full)
Evening, January 26, 2008

Energy ministers of Japan, the U.S. and Europe on Jan. 25 held a meeting in Davos in eastern Switzerland. Participants agreed on the perception that it is important to develop new energies and energy-conserving technologies as measures to combat climate change and soaring crude oil prices. They also agreed that each nation ask oil producers to increase production, emphasizing problem consciousness to them that high crude oil prices will have an adverse effect on the global economy.

The meeting brought together Economy, Trade and Industry Minister Akira Amari, Secretary of Energy Bodman of the U.S. and European Commission (EC) Energy Commissioner Andris Piebalgs. They also shared the perception that it is important for China, India, and some other countries, large energy users and carbon dioxide (CO2) emitters, to take part in a set of countermeasures. In this relation, they confirmed a policy of inviting cabinet ministers of China, India and South Korea to a G-8 energy ministerial meeting to be held in Aomori in June and asking them to come up with specific

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measures to combat climate change.

12) Japan, U.S. sign "sympathy budget" - three-year extension of special agreement, but review talks will be difficult (Asahi)

ASAHI (Page 4) (Full)
January 26, 2008

The Japanese and U.S. government have signed a special measures agreement extending for three years Japan's host-nation support ("sympathy budget") that covers the cost of stationing U.S. forces in Japan. The pact would have expired at the end of March. Based on an agreement reached between Japan and the United States last December, the contents generally maintained Japan's burden as it was, reaching an annual 140 billion yen. Now, the Japanese side in order to bear the weight of U.S. force realignment, which is estimated to cost a separate 3 trillion yen, is thinking of putting the scalpel to the structure of its burden in comprehensive review talks with the U.S. after April. But negotiations with the U.S., which is reluctant to make cuts, are likely to face rough going.

In the revision talks this time, the Japanese side sought step-by-step ending of the utility costs (25.3 billion yen in fiscal 2007), but the U.S. objected, citing the increase war costs of the Iraq war. The cuts went no further than to shave off a total of 800 million yen over three years starting in fiscal 2008.

On the other hand, the Japanese side has sought a 9.5 billion yen cut in the facilities improvement program, such as housing for U.S. forces, which is outside the parameters of the special measures agreement. This would bring it to 36.2 billion yen per fiscal year. It also proposed a staged-in scrapping of additional pay compensations for base workers employed at U.S. facilities (currently 10.2 billion per fiscal year).

13) Government plans to build framework for dialogue between Japan, U.S. and South Korea

NIKKEI (Page 2) (Abridged slightly)
January 26, 2008

With South Korea scheduled to install a new administration by Lee Myung Bak on Feb. 25, Tokyo will embark on an effort to launch a new framework allowing Japan, the United States, and South Korea to discuss security and other issues. Tokyo specifically envisages a venue for periodic talks among vice-minister- and bureau-chief-level officials. The aim is to take the initiative in Northeast Asia diplomacy by rebuilding the Japan-U.S.-ROK cooperative system that collapsed under the Roh Moo Hyun administration, which has taken a conciliatory policy toward North Korea.

Japan pins great hopes on the establishment of a conservative administration in South Korea for the first time in 10 years. The next South Korean administration also thinks that cooperation with Japan and the United States is essential for resolving the North Korean nuclear issue and revitalizing the South Korean economy. An agreement has been reached between Foreign Minister Masahiko Koumura and South Korean National Assembly Vice-Speaker Lee Sang Deuk, who visited Japan earlier, on strengthening the trilateral cooperative system. They also agreed to resume reciprocal visits by the two countries' leaders.

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To begin with, bureau-chief-level officials of Japan, the U.S. and South Korea often met to coordinate policies toward North Korea and other matters. But such meetings have not been held since 2003 due to the Roh administration's policy not to irritate North Korea, while promoting large-scale support to Pyongyang.

The Bush administration, too, shifted toward a dialogue policy course toward North Korea last year, expanding differences in views between Japan and the U.S. and South Korea. Japan's presence in the six-party talks has been weak. The trilateral cooperation revival plan is also being helped by an observation that a hard-line stance is returning to the Bush administration over the North's declaration of nuclear programs. Renewed unity among the three countries will help Tokyo pursue the North on the abduction issue.

A senior Foreign Minister official expressed eagerness for building a consultative framework to discuss wide-ranging issues, saying, "We would like to handle not only the North Korean nuclear issue but also a wide range of issues."

14) Japan, U.S. and Australia to jointly research missile defense system, ministerial dialogue also eyed

NIKKEI (Page 2) (Full)
January 26, 2008

Japan, the United States, and Australia will strengthen joint research on a missile defense (MD) system to intercept ballistic missiles. In addition to the existing bureau-chief-level talks, they will establish a venue for vice-minister and cabinet minister ministers to closely exchange views. They will also raise the level of Australia, which has announced to introduce the MD system in 2014 based on operational information on the Japan-U.S. MD system.

The MD system is designed to shoot down incoming ballistic missiles with Standard Missile-3 (MS-3) missiles from Aegis vessels outside of the earth's atmosphere, and any missed ones with ground-based Patriot Advanced Capability 3 (PAC-3) missiles.

Japan, the U.S. and Australia reached an agreement on the joint MD research during talks among the foreign ministers and defense bureau chiefs, held in Tokyo last April. The three countries intend to study the MD system, envisaging North Korean new mid-range ballistic missiles and Chinese ballistic missiles traveling to Guam and mainland Australia.

China and North Korea are highly alarmed at the MD system.

15) Defense Ministry plans intercept net against cruise missile attacks, using special-type radar, long-range missile

YOMIURI (Top play) (Excerpt)
January 27, 2008

The Defense Ministry yesterday decided to start working on a new system for intercepting cruise missiles, which are used for their pin-point accuracy in attacking major installations. In order to increase the capability for early detection, the ministry will increase the number of deployed AWACS-equipped aircraft, and it will install a new type of high-proficiency radar. In addition, it will build a new intercept system centered on the development of a long-range surface-to-air missile. The plan is to include the new

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system in the revision of the mid-term defense buildup plan that will be revised next fiscal year. The reason for the changes is there has been increased analysis that China its capability to attack enemy targets with cruise missiles.

16) Government troubled by increasing criticism of research whaling with G-8 summit just ahead

TOKYO SHIMBUN (Page 2) (Full)
January 28, 2008

The government is frustrated with the whaling issue. Amid a flurry of protests by environmental groups against Japan's research whaling in the Southern Ocean, Japan's research whaling, rather than the obstruction of it, is drawing criticism from the international community. With the G-8 summit (Lake Toya Summit in Hokkaido) close at hand in July, the government is struggling to prevent criticism from developing into a diplomatic issue.

Giving a reply in an Upper House plenary session on Jan. 23, Prime Minister Fukuda harshly criticized the protest of a U.S. environmental group, whose members climbed aboard Japan's research whaling vessel. He noted: "Research whaling is a legal activity. It is important for us to pursue discussions based on scientific grounds without being swayed by emotional confrontation. Interference is an impermissible illegal act that could endanger the lives of persons involved." The government plans to prevent a recurrence of such interference with Chief Cabinet Secretary Nobutaka Machimura noting, "We will properly deal with the situation so that dangerous acts will not be repeated in the run-up to the G-8 summit." In the meantime, Machimura also admitted to the difficulty of dealing with the whaling issue, saying, "We must bear in mind that we are dealing with whales, a unique kind of issue."

In the International Whaling Commission (IWC), the number of members in favor of whaling and those against it are at present about equal. However, Japan's allies, such as the U.S. and Australia, and major European countries are among the countries against whaling.

In particular, among seven Group-of-Eight countries excluding Canada, which is not an IWC member, only Japan and Russia support whaling. Antiwhaling countries characterize whales as a symbol of environmental conservation. If Japan mishandles the matter, it could be labeled as a country that is not enthusiastic about the environment. It wants to avoid becoming isolated in the international community with the G-8 summit close at hand.

For this reason, the government is beginning to show a flexible stance. It decided not to catch humpback whales for the next one to two years in research whaling in the Southern Ocean. Japan has stressed that the measure is in response to the fact that the IWC has become dysfunctional as a resource control organization due to the emotional confrontation between pro-whaling and antiwhaling members. It is, however, clear that it has made that decision in response to international criticism.

Many lawmakers in both ruling and opposition parties are in favor of protecting and promoting whaling. The government will find it difficult to steer the situation concerning whaling with its

diplomatic consideration likely coming under fire on the domestic front.

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17) Cabinet Office to convene first meeting of panel of experts on Jan. 30 to discuss promotion of foreign investment in Japan

NIKKEI (Page 3) (Full)
January 27, 2008

The Cabinet Office will hold a first meeting of an advisory council consisting of experts on the tax system and regulatory affairs on Jan. 30 as part of the effort to promote foreign investment in Japan. This plan was revealed by State Minister in Charge of Economic and Fiscal Policy Hiroko Ota at a press briefing in Sapporo City after a local session of the Council on Economic and Fiscal Policy (CEFP).

The ratio of foreign direct investment in Japan to gross domestic product (GDP) is 3 PERCENT, far lower than Britain's 44 PERCENT and the United States' 13 PERCENT. The government aims to raise this figure to 5 PERCENT by 2010.

The advisory council will be chaired by Haruo Shimada, president of Chiba University of Commerce. The council will send a delegation to European and other countries to see what has prevented foreigners from investing in Japan. The council will form a report. Based on the report, the Cabinet Office will include specific measures in "big-boned" policy for this year.

The local session of the CEFP was joined by the minister in charge of economic and fiscal policy and CEFP member Naohiro Yashiro. They exchanged views with corporate managers in Hokkaido about how to revitalize the economy and attract companies.

18) Ruling parties to submit today to Diet bill extending gasoline tax rate by two months

YOMIURI (Page 1) (Excerpts)
January 28, 2008

The ruling parties decided yesterday to submit to the Diet a bill to extend by two months the provisional tax rate imposed on gasoline, which is set to expire on March 31. The legislation is sponsored by lawmakers from the ruling coalition. The ruling camp plans to present it possibly today to the House of Representatives in order to get it passed by the Lower House before the end of January. With this move, it is highly likely that gasoline prices will remain at current levels after April 1.

Liberal Democratic Party (LDP) Secretary General Bunmei Ibuki told a meeting in Kyoto on the issue:

"If the Democratic Party of Japan (DPJ or Minshuto) refuses to pass (a bill revising the Special Taxation Measures Law) by March 31, some measures should be taken before the end of January."

The lawmaker-initiated bill includes measures to extend by two months the deadline for the provisional rate and for preferential tariffs, among other items. The ruling camp intends to ask the DPJ and other opposition parties to support the bill, but if it fails to get support from the opposition bloc, it may press ahead with a vote.

19) DPJ reacts negatively to LDP's move to introduce even stopgap bill in connection with provisional gasoline tax rate with DPJ

TOKYO 00000214 012 OF 014

secretary general saying, "We'll not compromise"

SIPDIS

TOKYO SHIMBUN (Page 2) (Full)

January 28, 2008

At a meeting yesterday of Kumagaya City, Saitama Prefecture, the major opposition Democratic Party of Japan's (DPJ) Secretary General Yukio Hatoyama revealed that his party will strongly oppose a stopgap bill intended to keep in place the provisional gasoline tax rate, by arguing, "We have no intention of compromising when it comes to the public's livelihood." DPJ Policy Research Council Chairman Naoyuki Naoshima, as well, noted on an NHK TV program yesterday: "It's outrageous. If that happens, it would only lead us to boycott every discussion on the budget bill. We definitely can't accept it."

The Japanese Communist Party's Policy Committee Chairman Akira Koike and the Social Democratic Party's (SDP) Policy Research Council Chairperson Tomoko Abe also criticized (a stopgap bill), arguing that it would be "outrageous and the same as forcing a vote at the beginning of (debate)."

20) Tug of war to start today between ruling and opposition parties at Lower House budget panel

TOKYO SHIMBUN (Page 2) (Full)
January 28, 2008

In the Diet, a question-and-answer session for the fiscal 2007 supplementary budget bill will start in the Lower House Budget Committee with Prime Minister Fukuda and all cabinet members in attendance. The major opposition Democratic Party of Japan (DPJ) will send Deputy President Naoto Kan as the questioner. A full showdown between the ruling and opposition parties will begin over such problems as whether to maintain the provisional gasoline tax rate.

Kan will point out that other key policy measures for education and medical services have no dedicated revenue sources; it is only highway expenditures that have such a revenue source. He will then seek to scrap the provisional rate and incorporate the special revenue sources for road construction into general revenues.

The supplementary budget bill will clear the Lower House on Jan. 29, and debate on the bill in the Upper House Budget Committee will begin on Jan. 30.

21) Prime Minister Fukuda decides to submit bill extending provisional tax rates; Opposition's backlash inevitable

YOMIURI (Page 2) (Slightly abridged)
January 28, 2008

The ruling parties have decided to a bill sponsored by lawmakers to extend by two months the deadlines of the provisional tax rates, including the gasoline tax rate, which will expire on March 31. The decision is the expression of Prime Minister Yasuo Fukuda's determination to avoid tax confusion (if the tax expires and is later reinstated). However, since the opposition camp is bound to react strongly against the ruling bloc, it is highly likely that the Diet itself will be thrown into turmoil.

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The government and ruling camp aim to enact before the end of March a bill revising the Special Tax Measures Law, including provisions to maintain the provisional tax rates. The main opposition Democratic Party of Japan (DPJ or Minshuto) and other opposition parties have indicated their intention to drag out deliberations on the legislation.

The ruling coalition initially planned to enact the revision bill before the end of March by resorting to Article 59 of the Constitution after having it passed by the House of Representatives before the end of January. If it adopted this method, there was the possibility that it would be criticized by the public for having rammed the bill through the Lower House. The ruling camp plans to explain that the purpose of the two-month extension bill is to avoid confusion at the end of current fiscal year and to secure enough

time for deliberations.

Fukuda has told his aides that any adverse impact on the daily lives of people should be avoided at all cost. This view reportedly is now gaining ground in the ruling coalition. Appearing on a TV Asahi talk show yesterday, New Komeito Policy Research Council Chairman Tetsuo Saito said: "I understand that there is such a view in the LDP."

Appearing on an NHK talk show yesterday, DPJ Policy Research Committee Chairman Masayuki Naoshima, however, stressed: "I absolutely cannot accept the idea." Asked by reporters about what action his party would take if the ruling camp pressed ahead with a vote on the bill, Naoshima indicated that his party would not respond to deliberations on the bill on fiscal 2008. He responded: "Normal debate won't be conducted. Deliberations on the budget bill in the Lower House won't be held."

22) Osaka gubernatorial race deals blow to DPJ, also giving weak sense of victory to ruling camp

MAINICHI (Page 2) (Excerpts)
January 28, 2008

Toru Hashimoto's victory in yesterday's Osaka gubernatorial election has dealt a serious blow to the major opposition Democratic Party of Japan (DPJ or Minshuto), which took an all-party approach. The outcome is likely to force the DPJ to review its strategy for the next House of Representatives election. Hashimoto's victory has also brought about only a weak sense of victory to the ruling coalition, stopping short of giving momentum to the divided Diet in which the ruling coalition parties have a majority in the House of Representatives and the opposition DPJ controls the House of Councillors.

Looking back at the Osaka race, a senior DPJ member pointed out the need to give serious thought to urban areas. Defining the Osaka race as a prelude to the next Lower House election, the DPJ had envisaged another victory following the Osaka mayoral race last November.

The DPJ lost urban areas in the previous 2005 Lower House election. As seen in DPJ President Ichiro Ozawa's display of his determination to win both rural and urban areas in the next Lower House election, the Osaka race was a test case for the party's urban strategy.

After the official campaign kicked off, Ozawa stumped for the party candidate twice in Osaka. On Jan. 11, he even skipped a Diet vote on new antiterrorism legislation in order to canvass Osaka downtown

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shopping streets to make an appeal to unaffiliated voters along with New Party Japan Representative Yasuo Tanaka. Deputy President Naoto Kan and Secretary General Yukio Hatoyama also stumped for the DPJ candidate twice and five times, respectively. The party leadership ordered all DPJ lawmakers to stump for its candidate at least once.

Hatoyama indicated to reporters last night: "(Ozawa's abstention from the Diet vote) might be one reason for the party's defeat in the Osaka race." The DPJ's decision to back Sadatoshi Kumagai for the Osaka race may raise questions. Of the 300 single-seat constituencies, the DPJ has yet to determine its candidates for 64 districts for the next Lower House election. Ozawa said that the party would field only winning candidates, alluding to the possibility of replacing candidates the party has already endorsed. The outcome of the Osaka race might affect the DPJ's final decision on its candidates for the Lower House race.

Meanwhile, the ruling camp has been cautious, as seen in LDP Secretary General Bunmei Ibuki's comment: "No matter how the Osaka

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race turns out, it will not be linked to a national election." In view of Hashimoto's unique personality, the outcome is unlikely to have a direct impact on the provisional tax rate issue and the stock plunge that are likely to force the ruling coalition to adhere firmly to its defensive stand.

23) 59 PERCENT of women vote for Hashimoto in Osaka race

TOKYO SHIMBUN (Page 2) (Abridged)
January 28, 2008

Tohru Hashimoto, a lawyer and TV personality, won yesterday's Osaka gubernatorial election for the first time with votes from 59.5 PERCENT of women, according to an exit poll conducted by Kyodo News. Among other candidates, Sadatoshi Kumagai was at 25.4 PERCENT and Shoji Umeda at 13.8 PERCENT . Hashimoto's overwhelming popularity among women was a major factor behind his victory in the race.

In addition, Hashimoto won support from 55.1 PERCENT of floating voters. He was also supported by 79.5 PERCENT of those who support the Liberal Democratic Party, which backed him, and he won support from 95.3 PERCENT of those who support New Komeito.

SCHIEFFER